February 2, 2007

SENATE BILL No. 525

DIGEST OF SB 525 (Updated February 1, 2007 11:08 am - DI 101)

Citations Affected: IC 6-3.1; IC 15-9; noncode.

Synopsis: Various energy incentives. Provides various energy related tax incentives. Establishes a biomass grant program. Appropriates money to the Purdue University technical assistance program.

Effective: July 1, 2007; January 1, 2008.

Hershman, Gard

January 23, 2007, read first time and referred to Committee on Utilities & Regulatory Affairs.
February 1, 2007, amended, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.

February 2, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 525

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-3.1-27-9.5, AS AMENDED BY P.L.122-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9.5. **Except as provided in IC 6-3.1-28-11(c),** the total amount of credits allowed under:

(1) section 8 of this chapter;
(2) section 9 of this chapter; and
(3) IC 6-3.1-28;

may not exceed fifty million dollars ($50,000,000) for all taxpayers and all taxable years beginning after December 31, 2004. The corporation shall determine the maximum allowable amount for each type of credit, which must be at least four million dollars ($4,000,000) for each type of credit.

SECTION 2. IC 6-3.1-28-11, AS AMENDED BY P.L.122-2006, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. **(a) As used in this section, "cellulosic ethanol" means ethanol derived solely from lignocellulosic or hemicellulosic matter.**

(b) The corporation shall determine the maximum amount of credits that a taxpayer (or if the person producing the ethanol is a pass through entity, the shareholders, partners, or members of the pass through entity) is eligible to receive under this section. The total amount of credits allowed a taxpayer (or, if the person producing the ethanol is a pass through entity, the shareholders, partners, or members of the pass through entity) under this chapter may not exceed a total of the following amounts for all taxable years:

(1) Two million dollars ($2,000,000) in the case of a taxpayer who produces at least forty million (40,000,000) but less than sixty million (60,000,000) gallons of **grain** ethanol in a taxable year.

(2) Three million dollars ($3,000,000) in the case of a taxpayer who produces at least sixty million (60,000,000) gallons of **grain** ethanol in a taxable year.

(3) Twenty million dollars ($20,000,000) in the case of a taxpayer who produces at least forty million (40,000,000) gallons of cellulosic ethanol in a taxable year.

(c) The total amount of tax credits allowed under this chapter for a taxpayer who produces at least forty million (40,000,000) gallons of cellulosic ethanol is not subject to the maximum amount of tax credits imposed by IC 6-3.1-27-9.5.

SECTION 3. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]:

Chapter 31. Energy Savings Tax Credit

Sec. 1. As used in this chapter, "energy star heating and cooling equipment" means heating and cooling equipment that is rated for energy efficiency under the federal energy star program.

Sec. 2. As used in this chapter, "energy star program" refers to the program established by Section 324A of the federal Energy Policy and Conservation Act.

Sec. 3. As used in this chapter, "heating and cooling equipment" means:

(1) a furnace;

(2) a water heater;

(3) central air conditioning;

(4) a room air conditioner; and

(5) a programmable thermostat.

Sec. 4. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;
(3) a limited liability company; or
(4) a limited liability partnership.

Sec. 5. As used in this chapter, "small business" has the meaning set forth in IC 4-4-5.2-3.

Sec. 6. As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:
(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
(2) IC 27-1-18-2 (the insurance premiums tax); and
(3) IC 6-5.5 (the financial institutions tax);
as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "taxpayer" means:
(1) an individual filing a single return;
(2) a married couple filing a joint return; or
(3) a small business;
that has any state tax liability.

Sec. 8. Subject to section 12 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year equal to the lesser of the following:
(1) Twenty percent (20%) of the amount of expenditures for energy star heating and cooling equipment incurred by the taxpayer during the taxable year.
(2) One hundred dollars ($100).

Sec. 9. (a) If a pass through entity is entitled to a credit under this chapter but does not have state tax liability against which the credit may be applied, an individual who is a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:
(1) the credit determined for the pass through entity for the taxable year; multiplied by
(2) the percentage of the pass through entity's distributable income to which the individual is entitled.

(b) The credit provided under subsection (a) is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same expenditures for energy star heating and cooling equipment.

Sec. 10. The amount of a credit claimed under this chapter may

not exceed a qualified taxpayer's state tax liability. A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

Sec. 11. A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this chapter.

Sec. 12. (a) The total amount of tax credits allowed under this chapter may not exceed one million dollars ($1,000,000) in a state fiscal year.

(b) To receive a credit under this chapter, a taxpayer must have the amount of the taxpayer's expenditures for energy star heating and cooling equipment certified by the office of energy and defense development. The office of energy and defense development may not certify the amount of an expenditure if the certification would result in the amount of tax credits awarded under this chapter exceeding the amount of tax credits permitted under subsection (a).

Sec. 13. The office of energy and defense development shall implement procedures for issuing the certifications required under section 12 of this chapter.

Sec. 14. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 4. IC 6-3.1-32 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]:

Chapter 32. Renewable Energy Systems Tax Credits

Sec. 1. As used in this chapter, "geothermal energy heating and cooling system" means a system that is designed to use the natural heat from the earth to provide hot water, produce electricity, or generate heating or cooling.

Sec. 2. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 3. As used in this chapter, "renewable energy system" means:

(1) a geothermal heating and cooling system; or

(2) a qualified wind energy system.

Sec. 4. As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 27-1-18-2 (the insurance premiums tax); and

(3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means:

(1) an individual filing a single return;

(2) a married couple filing a joint return; or

(3) a business;

that has any state tax liability.

Sec. 6. As used in this chapter, "qualified wind energy system" means a device that uses the wind to generate not more than one hundred (100) kilowatts.

Sec. 7. (a) This subsection applies only to a taxpayer who installs a geothermal heating and cooling system during a taxable year. Subject to section 11 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year equal to the lesser of:

(1) twenty-five percent (25%) of the amount of expenditures for a geothermal heating and cooling system incurred by the taxpayer during the taxable year; or

(2) the following applicable amount:

(A) Two thousand five hundred dollars ($2,500), in the case of a taxpayer who installs a geothermal heating and cooling system for a structure containing fewer than ten thousand (10,000) square feet.

(B) Five thousand dollars ($5,000), in the case of a taxpayer who installs a geothermal heating and cooling system for a structure containing at least ten thousand (10,000) square feet.

(b) This subsection applies only to a taxpayer who installs a wind turbine during a taxable year. Subject to section 11 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year equal to the lesser of:

(1) fifteen percent (15%) of the amount of expenditures for a qualified wind energy system incurred by the taxpayer during the taxable year; or

(2) the following applicable amount:

(A) Two thousand five hundred dollars ($2,500), in the case

of a taxpayer who installs a qualified wind energy system for a structure containing fewer than ten thousand (10,000) square feet.

(B) Five thousand dollars ($5,000), in the case of a taxpayer who installs a qualified wind energy system for a structure containing at least ten thousand (10,000) square feet.

Sec. 8. (a) If a pass through entity is entitled to a credit under this chapter but does not have state tax liability against which the credit may be applied, an individual who is a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

(1) the credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributable income to which the individual is entitled.

(b) The credit provided under subsection (a) is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same expenditures for a renewable energy system.

Sec. 9. The amount of a credit claimed under this chapter may not exceed a qualified taxpayer's state tax liability. A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

Sec. 10. A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this chapter.

Sec. 11. (a) The amount of tax credits allowed under this chapter may not exceed two million dollars ($2,000,000) in a state fiscal year.

(b) To receive a credit under this chapter, a taxpayer must have the amount of the taxpayer's expenditures for a renewable energy system certified by the office of energy and defense development. The office of energy and defense development may not certify the amount of an expenditure if the certification would result in the amount of tax credits awarded under this chapter exceeding the amount of tax credits permitted under subsection (a).

Sec. 12. The office of energy and defense development shall implement procedures for issuing the certifications required under section 11 of this chapter.

Sec. 13. To receive the credit provided by this chapter, a

taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 5. IC 6-3.1-33 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]:

Chapter 33. Energy Efficiency Program Tax Credit

Sec. 1. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 2. As used in this chapter, "program" refers to the Purdue University technical assistance program.

Sec. 3. As used in this chapter, "qualified cost" means any cost:

(1) recommended by the program; and

(2) incurred by a qualified taxpayer to improve the energy efficiency of the qualified taxpayer's facilities.

Sec. 4. As used in this chapter, "qualified taxpayer" means a taxpayer that has incurred at least five hundred thousand dollars ($500,000) in energy costs in a calendar year beginning after December 31, 2004.

Sec. 5. As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 27-1-18-2 (the insurance premiums tax); and

(3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means any person, corporation, limited liability company, partnership, or other entity that has any state tax liability.

Sec. 7. (a) Subject to section 11 of this chapter, a qualified taxpayer is entitled to a credit against the qualified taxpayer's state tax liability for a taxable year if the qualified taxpayer:

(1) has, after December 31, 2006, received industrial energy services from the program; and

(2) incurs qualified costs in the taxable year.

(b) The amount of the credit allowed under this chapter is equal to the lesser of the following:

(1) The product of:

(A) the amount of the qualified costs incurred by the qualified taxpayer in the taxable year; multiplied by

(B) ten percent (10%).

(2) Two hundred fifty thousand dollars ($250,000).

(c) Both:

(1) the qualified taxpayer's receipt of industrial energy services from the program; and

(2) the amount of qualified costs incurred by the qualified taxpayer in the taxable year;

must be certified by the program.

Sec. 8. (a) If a pass through entity is entitled to a credit under this chapter but does not have state tax liability against which the credit may be applied, an individual who is a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

(1) the credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributable income to which the individual is entitled.

(b) The credit provided under subsection (a) is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same qualified costs.

Sec. 9. The amount of a credit claimed under this chapter may not exceed a qualified taxpayer's state tax liability. A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

Sec. 10. A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this chapter.

Sec. 11. The amount of tax credits allowed under this chapter may not exceed two million five hundred thousand dollars ($2,500,000) in a state fiscal year.

Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department the certifications required under section 7 of this chapter and any other information that the

department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 6. IC 6-3.1-34 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]:

Chapter 34. Indiana Fueled Energy Investment Tax Credit

Sec. 1. As used in this chapter, "biomass" means any organic matter that is available on a renewable basis, including agricultural crops and agricultural wastes and residues, wood and wood wastes and residues, animal wastes, municipal wastes, food wastes, and aquatic plants.

Sec. 2. As used in this chapter, "corporation" means the Indiana economic development corporation established by IC 5-28-3-1.

Sec. 3. As used in this chapter, "Indiana coal" has the meaning set forth in IC 4-4-30-4.

Sec. 4. As used in this chapter, "Indiana fuel" means either of the following:

(1) Any of the following when the fuel is gasified, liquefied, or methanized:

(A) Biomass produced in Indiana.

(B) Indiana coal.

(C) Petroleum coke produced in Indiana.

(D) Oil shale located in Indiana.

(2) Coal mine methane when used in the production of power.

Sec. 5. As used in this chapter, "office" means the office of energy and defense development.

Sec. 6. As used in this chapter, "qualified investment" means a taxpayer's expenditures for:

(1) all real and tangible personal property incorporated in and used as part of a facility used to produce energy from Indiana fuel; and

(2) transmission equipment and other real and personal property located at the site of the energy production facility that is employed specifically to serve the energy production facility.

Sec. 7. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 8. As used in this chapter, "petroleum coke" means a

carbonaceous solid derived from the process of refining oil.

Sec. 9. As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 27-1-18-2 (the insurance premiums tax); and

(3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

Sec. 10. As used in this chapter, "taxpayer" means any person, corporation, limited liability company, partnership, or other entity that:

(1) has any state tax liability;

(2) makes a qualified investment.

Sec. 11. (a) A taxpayer that:

(1) is awarded a tax credit under this chapter by the office; and

(2) complies with the conditions set forth in this chapter and the agreement entered into by the corporation and the taxpayer under this chapter;

is entitled to a credit against the taxpayer's state tax liability for a taxable year in which the taxpayer places into service an energy production facility using Indiana fuel and for the taxable years provided in section 13 of this chapter.

(b) A tax credit awarded under this chapter must be applied against the taxpayer's state tax liability in the following order:

(1) Against the taxpayer's liability incurred under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).

(2) Against the taxpayer's liability incurred under IC 6-5.5 (the financial institutions tax).

(3) Against the taxpayer's liability incurred under IC 27-1-18-2 (the insurance premiums tax).

Sec. 12. The amount of the credit to which a taxpayer is entitled for a qualified investment is equal to the lesser of the following:

(1) The product of:

(A) the amount of the taxpayer's qualified investment; multiplied by

(B) ten percent (10%).

(2) Fifty million dollars ($50,000,000).

Sec. 13. (a) A credit awarded under section 11 of this chapter must be taken in ten (10) annual installments, beginning with the year in which the taxpayer places into service the taxpayer's

energy production facility.

(b) The amount of an annual installment of the credit awarded under section 11 of this chapter is equal to the quotient of:

(1) the credit amount determined under section 12 of this chapter; divided by

(2) ten (10).

Sec. 14. (a) If a pass through entity is entitled to a credit under this chapter but does not have state tax liability against which the credit may be applied, an individual who is a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

(1) the credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributable income to which the individual is entitled.

(b) The credit provided under subsection (a) is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same qualified investment.

Sec. 15. The amount of a credit claimed under this chapter may not exceed a qualified taxpayer's state tax liability. A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

Sec. 16. A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this chapter.

Sec. 17. (a) person that proposes to place a new energy production facility utilizing Indiana fuel into service may apply to the corporation before the taxpayer makes the qualified investment to enter into an agreement for a tax credit under this chapter. The corporation shall prescribe the form of the application.

(b) The office shall provide any technical assistance requested by the corporation in the administration of this chapter.

Sec. 18. After receipt of an application, the corporation may enter into an agreement with the applicant for a credit under this chapter if the corporation determines that the taxpayer's proposed investment satisfies the requirements of this chapter.

Sec. 19. (a) The corporation shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all the following:

(1) A detailed description of the project that is the subject of

the agreement.
(2) The first taxable year for which the credit may be claimed.
(3) The amount of the tax credit that, subject to section 15 of this chapter, will be allowed for each taxable year.
(4) A requirement that the taxpayer shall maintain operations at the project location for at least ten (10) years during the term that the tax credit is available.
(5) A requirement that the taxpayer shall pay an average wage to its employees at the energy production facility, other than highly compensated employees, in each taxable year that a tax credit is available, that equals at least one hundred twenty-five percent (125%) of the average county wage in the county in which the energy production facility is located.
(6) A requirement that the taxpayer will maintain at the location where the qualified investment is made, during the term of the tax credit, a total payroll that is at least equal to the payroll that existed on the date that the taxpayer placed the energy production facility into service.
(7) A requirement that one hundred percent (100%) of the fuel used at the energy production facility must be Indiana fuel.
(8) A requirement that the energy production facility will comply with any energy efficiency or emission standard recommended by the office and imposed by the corporation.

(b) A taxpayer must comply with the terms of the agreement described in subsection (a) to receive an annual installment of the tax credit awarded under this chapter. The corporation shall annually determine whether the taxpayer is in compliance with the agreement. If the corporation determines that the taxpayer is in compliance, the corporation shall issue a certificate of compliance to the taxpayer.

Sec. 19. To receive the credit awarded by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department a copy of the taxpayer's certificate of compliance issued under section 18 of this chapter, and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 7. IC 15-9-2-3, AS AMENDED BY P.L.1-2006, SECTION 294, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. The department shall do the following:

(1) Provide administrative and staff support for the following:

(A) The center for value added research.

(B) The state fair board for purposes of administering the director of the department of agriculture's duties under IC 15-1.5-4.

(C) The Indiana corn marketing council for purposes of administering the duties of the director of the department of agriculture under IC 15-4-10.

(D) The Indiana organic peer review panel.

(E) The Indiana dairy industry development board for purposes of administering the duties of the director of the department of agriculture under IC 15-6-4.

(F) The Indiana land resources council.

(G) The Indiana grain buyers and warehouse licensing agency.

(H) The Indiana grain indemnity corporation.

(I) The division of soil conservation established by IC 15-9-4-1.

(2) Administer the election of state fair board members.

(3) Administer state programs and laws promoting agricultural trade.

(4) Administer state livestock or agriculture marketing grant programs.

(5) Administer economic development efforts for agriculture.

(6) Promote and support the biomass grant program established by IC 15-9-5-3.

SECTION 8. IC 15-9-5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 5. Biomass Grant Program

Sec. 1. As used in this chapter, "office" means the office of energy and defense development.

Sec. 2. As used in this chapter, "person" means an individual, a partnership, a corporation, a limited liability company, an unincorporated association, a governmental entity, or any other legal entity.

Sec. 3. There is established the biomass grant program.

Sec. 4. The office shall award grants and administer the program from funds appropriated to the office under section 6 of this chapter.

Sec. 5. The department shall assist the office in carrying out the office's duties under this chapter.

Sec. 6. The amount necessary to implement this chapter is

annually appropriated to the office.

Sec. 7. A person may apply on a form prescribed by the office for a grant under this chapter to defray a part of the cost of installing a biomass energy project that makes use of any of the following technologies:

(1) Anaerobic digestion.

(2) Gasification.

(3) Fast pyrolysis.

Sec. 8. A grant awarded under this chapter may not exceed the greater of:

(1) twenty-five percent (25%) of a person's biomass energy project costs; or

(2) two hundred fifty thousand dollars ($250,000).

Sec. 9. The total amount of grants awarded under this chapter in a state fiscal year may not exceed two million dollars ($2,000,000).

Sec. 10. This chapter expires July 1, 2009.

SECTION 9. [EFFECTIVE JULY 1, 2007] **(a) There is annually appropriated to Purdue University six hundred thousand dollars ($600,000) from the state general fund for the operating expenses of the technical assistance program's industrial energy services program for the period beginning July 1, 2007, and ending June 30, 2009.**

(b) There is annually appropriated to Purdue University five hundred thousand dollars ($500,000) from the state general fund for the operating expenses of the technical assistance program's industrial energy services program for the period beginning July 1, 2009, and ending June 30, 2011.

(c) There is appropriated to Purdue University four hundred thousand dollars ($400,000) from the state general fund for the operating expenses of the technical assistance program's industrial energy services program for the period beginning July 1, 2011, and ending June 30, 2012.

(d) The money appropriated by this SECTION does not revert to the state general fund at the close of any state fiscal year but remains available to Purdue University until the purpose for which it was appropriated is fulfilled.

(e) The Purdue University technical assistance program director shall annually report the program activities funded under this SECTION to the:

(1) office of energy and defense development; and

(2) legislative council.

A report submitted under this SECTION to the legislative council must be in an electronic format under IC 5-14-6.

(f) This SECTION expires July 1, 2012.

SECTION 10. [EFFECTIVE JANUARY 1, 2008] **(a) IC 6-3.1-28-11, as amended by this act, applies to taxable years beginning after December 31, 2007.**

(b) IC 6-3.1-31, IC 6-3.1-32, IC 6-3.1-33, and IC 6-3.1-34, all as added by this act, apply to taxable years beginning after December 31, 2007.

SENATE MOTION

Madam President: I move that Senator Gard be added as second author of Senate Bill 525.

HERSHMAN

COMMITTEE REPORT

Madam President: The Senate Committee on Utilities and Regulatory Affairs, to which was referred Senate Bill No. 525, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-3.1-27-9.5, AS AMENDED BY P.L.122-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9.5. **Except as provided in IC 6-3.1-28-11(c),** the total amount of credits allowed under:

(1) section 8 of this chapter;
(2) section 9 of this chapter; and
(3) IC 6-3.1-28;

may not exceed fifty million dollars ($50,000,000) for all taxpayers and all taxable years beginning after December 31, 2004. The corporation shall determine the maximum allowable amount for each type of credit, which must be at least four million dollars ($4,000,000) for each type of credit.".

Page 2, between lines 6 and 7, begin a new paragraph and insert:

"**(c) The total amount of tax credits allowed under this chapter for a taxpayer who produces at least forty million (40,000,000) gallons of cellulosic ethanol is not subject to the maximum amount of tax credits imposed by IC 6-3.1-27-9.5.**".

Page 3, line 32, after "12." insert "**(a)**".

Page 3, between lines 34 and 35, begin a new paragraph and insert:

"**(b) To receive a credit under this chapter, a taxpayer must have the amount of the taxpayer's expenditures for energy star heating and cooling equipment certified by the office of energy and defense development. The office of energy and defense development may not certify the amount of an expenditure if the certification would result in the amount of tax credits awarded under this chapter exceeding the amount of tax credits permitted**

under subsection (a).

Sec. 13. The office of energy and defense development shall implement procedures for issuing the certifications required under section 12 of this chapter.".

Page 3, line 35, delete "13." and insert "**14.**".

Page 4, delete lines 3 through 12.

Page 4, line 13, delete "3." and insert "**1.**".

Page 4, line 17, delete "4." and insert "**2.**".

Page 4, line 23, delete "5." and insert "**3.**".

Page 4, delete line 25.

Page 4, line 26, delete "(2)" and insert "**(1)**".

Page 4, line 27, delete "(3)" and insert "**(2)**".

Page 4, line 28, delete "6." and insert "**4.**".

Page 4, line 36, delete "7." and insert "**5.**".

Page 4, line 36, delete "section," and insert "**chapter,**".

Page 4, line 41, delete "8." and insert "**6.**".

Page 5, line 2, delete "9." and insert "**7.**".

Page 5, line 4, delete "13" and insert "**11**".

Page 5, delete lines 19 through 34.

Page 5, line 35, delete "(c)" and insert "**(b)**".

Page 5, line 36, delete "13" and insert "**11**".

Page 6, line 8, delete "10." and insert "**8.**".

Page 6, line 24, delete "11." and insert "**9.**".

Page 6, line 28, delete "12." and insert "**10.**".

Page 6, line 30, delete "13." and insert "**11. (a)**".

Page 6, between lines 32 and 33, begin a new paragraph and insert:

"**(b) To receive a credit under this chapter, a taxpayer must have the amount of the taxpayer's expenditures for a renewable energy system certified by the office of energy and defense development. The office of energy and defense development may not certify the amount of an expenditure if the certification would result in the amount of tax credits awarded under this chapter exceeding the amount of tax credits permitted under subsection (a).**

Sec. 12. The office of energy and defense development shall implement procedures for issuing the certifications required under section 11 of this chapter."

Page 6, line 33, delete "14." and insert "**13.**".

Page 9, line 1, after "municipal wastes," insert "**food wastes,**".

Page 9, delete lines 7 through 10, begin a new paragraph and insert:

"**Sec. 4. As used in this chapter, "Indiana fuel" means either of the following:**

(1) Any of the following when the fuel is gasified, liquefied, or

methanized:

(A) Biomass produced in Indiana.

(B) Indiana coal.

(C) Petroleum coke produced in Indiana.

(D) Oil shale located in Indiana.

(2) Coal mine methane when used in the production of power.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to SB 525 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 10, Nays 0.